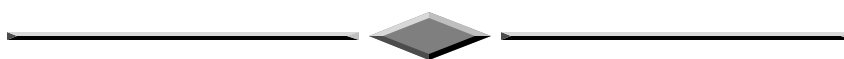


# Economically Disadvantaged and Placement Rates Appeal



This section is divided into two parts. The first part (pages 251 through 279) provides background information on the economically disadvantaged and placement rates appeal and outlines the process and procedures for submitting an economically disadvantaged and placement rates appeal. The second part (pages 280 through 288) provides sample material as it would pertain to an economically disadvantaged and placement rates appeal.

To understand the economically disadvantaged and placement rates appeal process, the U.S. Department of Education (Department) recommends that the reader review both parts of this section. In addition, since an economically disadvantaged and placement rates appeal is a type of exceptional mitigating circumstances appeal, please refer to the “Exceptional Mitigating Circumstances Appeal” section beginning on page 221 for additional information that applies to all exceptional mitigating circumstances appeals, including the economically disadvantaged and placement rates appeal.

# PART I: Background, Process, and Procedures

## QUALIFYING

### What is an economically disadvantaged rate?

An economically disadvantaged rate is the percentage of at least half-time students enrolled in a school's Title IV eligible programs who are eligible to receive at least one-half of the maximum Federal Pell Grant award regardless of the student's enrollment status or cost of attendance or who have an adjusted gross income below the poverty level.<sup>1</sup>

Please refer to page 255 for a more in depth discussion of how to calculate an economically disadvantaged rate.

### What is a placement rate?

A placement rate is the percentage of a school's former regular students enrolled on at least a half-time basis in the school's Title IV eligible programs that are employed in an occupation for which the institution provided training, as defined in the Higher Education Amendments of 1965, as amended (HEA), Section 435(a)(4)(A)(iii).

Please refer to page 261 for a more in depth discussion of how to calculate a placement rate.

### Which schools are eligible to submit an economically disadvantaged and placement rates appeal?

To file an exceptional mitigating circumstances appeal based on its **economically disadvantaged and placement rates**, a school must<sup>2</sup>:

- **be subject to sanctions;**

**Q.** What is a regular student?

**A.** A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

<sup>1</sup> HEA Section 435(a)(4)(A)(i)

<sup>2</sup> HEA Section 435(a)(4)(A)

- be a **non-degree-granting** school;
- demonstrate that at least 66  $\frac{2}{3}$  percent of its students came from **economically disadvantaged backgrounds** as defined in HEA Section 435(a)(4)(A)(i);
- AND
- demonstrate that at least 44.0 percent of its former regular students **obtained employment in the occupations for which the school provided training** as defined in HEA Section 435(a)(4)(A)(iii).

The checklist shown below summarizes the eligibility criteria for an economically disadvantaged and placement rates appeal.



### Economically Disadvantaged and Placement Rates Appeal Eligibility Checklist

To be eligible to submit an economically disadvantaged and placement rates appeal, a school must meet both of the following criteria:

- The school is subject to one or more of the following sanctions:
  - ❖ initial loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program;
  - ❖ extended loss of eligibility to participate in the FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program;

AND/OR

  - ❖ possible action to limit, suspend, and/or terminate (LS&T) participation in one or more Title IV Student Financial Assistance Programs.
- The school is a **non-degree granting** school that:
  - ❖ enrolls at least 66  $\frac{2}{3}$  percent of its students from economically disadvantaged backgrounds as defined in HEA Section 435(a)(4)(A)(i);

AND

  - ❖ can demonstrate that at least 44.0 percent of its students were placed as defined in HEA Section 435(a)(4)(A)(ii).

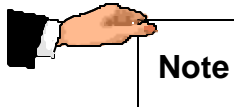
**Q.** What if the school is not sure whether it is classified as a degree-granting or non-degree-granting school?

**A.** A school should refer to its Eligibility and Certification Approval Report generated by the Department's Case Management and Oversight Office.

If additional assistance is needed in making this determination, please contact the Case Management and Oversight Office at (202) 260-3616.

## How can an economically disadvantaged and placement rates appeal affect a school's loss of eligibility to participate in Title IV Student Financial Assistance Programs?

If a non-degree granting school submits a successful economically disadvantaged and placement rates appeal, the Department will withdraw its notification of loss or extension of loss of the school's eligibility to participate in the Federal Family Education Loan (FFEL) Program, William D. Ford Federal Direct Loan (Direct Loan) Program, and/or Federal Pell Grant Program.<sup>3</sup> In addition, the Department will NOT initiate an action to limit, suspend, or terminate the school's participation in any or all of the Title IV Student Financial Assistance Programs due to the school's official cohort default rate.<sup>4</sup>



A successful exceptional mitigating circumstances appeal does NOT change a school's official cohort default rate. Therefore, if a school submits a successful economically disadvantaged and placement rates appeal, the Department will only withdraw its notification that the school is subject to loss for one year. If the school's subsequent cohort default rate is once again equal to or greater than 25.0 percent or 40.1 percent, the school will be notified that it is once again subject to sanctions. The school may then choose to submit another economically disadvantaged and placement rates appeal based on a 12-month period which ends within the six months preceding the time period used to calculate the school's most recent cohort default rate.

Please refer to the "Cohort Default Rate Effects" section for more information on sanctions associated with cohort default rates.

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<sup>3</sup> 34 CFR Section 668.17(c)(5)

<sup>4</sup> 34 CFR Section 668.17(a)(5)

## Economically disadvantaged and placement rates must be based on which time period?

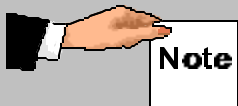
A school must base its economically disadvantaged and placement rates on a 12-month period which ends within the six months preceding the time period used to calculate the school's most recent cohort default rate [in this case fiscal year (FY) 1998].

Please refer to page 227 of the "Exceptional Mitigating Circumstances Appeal" section for more information on selecting an acceptable 12-month period.

## How is the economically disadvantaged rate calculated?

The **economically disadvantaged rate**<sup>5</sup> is calculated as follows:

100	X	number of regular students enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period who were eligible to receive at least one-half the maximum Federal Pell Grant award regardless of the student's enrollment status or cost of attendance or who had an adjusted gross income less than the U.S. Department of Health and Human Services poverty level during an award year/calendar year that overlaps the selected 12-month period
		number of regular students enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period



**Note** A school must select a 12-month period that ends during the six months immediately preceding FY 1998. Information on how to select an acceptable 12-month period is provided on page 227 in the "Exceptional Mitigating Circumstances Appeals" section.

As a part of a successful exceptional mitigating circumstances appeal, a school must have an economically disadvantaged rate of at least 66  $\frac{2}{3}$  percent. Please refer to the next page for an example.

<sup>5</sup> HEA Section 435(a)(4)(A)(i)

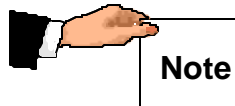
**Example:** Cosmetology School had a total of 200 students enrolled on at least a half-time basis in a Title IV eligible program during an acceptable 12-month period. Of those 200 students, 80 students were eligible to receive at least one-half the maximum Federal Pell Grant award and 60 different students had an adjusted gross income less than the U.S. Department of Health and Human Services poverty level during an award year/calendar year that overlaps the selected 12-month period by at least one day. Cosmetology School's economically disadvantaged rate is calculated as follows:

100	X	$\frac{80 \text{ (Pell)} + 60 \text{ (AGI)} = 140}{200}$	=	70.0%
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### Which students are included in the denominator of the economically disadvantaged rate calculation?

To be included in the denominator of the economically disadvantaged rate, a student must have been—

- enrolled in a Title IV eligible program;
- AND
- enrolled on at least a half-time basis for one or more days during the selected 12-month period.<sup>6</sup>



#### Note

A student's entire enrollment period does not have to fall within the selected 12-month period. A student who enrolled **prior** to the 12-month period but completed/withdrew **during** the 12-month period is considered to have been enrolled during the 12-month period. In addition, a student who enrolled **during** the 12-month period but completed/withdrew **after** the 12-month period is considered to have been enrolled during the 12-month period. Finally, a student that enrolled **prior** to the 12-month period and continued to be enrolled until **after** the 12-month period is considered to have been enrolled during the 12-month period.

<sup>6</sup> HEA 435(a)(4)(A)(i)

## Which students are included in the numerator of the economically disadvantaged rate?

To be included in the numerator of the economically disadvantaged rate, the student must first be included in the denominator of the rate. If a student is included in the denominator of the economically disadvantaged rate and meets either of the following conditions, the student will be included in the numerator of the economically disadvantaged rate:

- the student has an expected family contribution (EFC) of 1200 or less for the 1995/1996 or 1996/1997 award years or 1400 or less for the 1997/1998 award year and the award year associated with the qualifying EFC overlaps the 12-month period selected by the school;<sup>7</sup>

**Note**

A student with an EFC of 1200 or less for the 1995/1996 and 1996/1997 award years is considered to be eligible to receive at least one-half of the maximum Federal Pell Grant award. A student with an EFC of 1400 or less for the 1997/1998 award year is considered to be eligible to receive at least one-half of the maximum Federal Pell Grant award.

OR

- the student has an adjusted gross income that is below the U.S. Department of Health and Human Services poverty level for a calendar year that overlaps with the 12-month period selected by the school.<sup>8</sup>

Please refer to the next page for the poverty level guidelines established by the U.S. Department of Health and Human Services.

<sup>7</sup> HEA 435(a)(4)(A)(i)(I)

<sup>8</sup> HEA 435(a)(4)(A)(i)(II)

## U. S. Department of Health and Human Services Poverty Levels Based on Family Size

State	Year	Family Size	
		One person	Each additional person
Alaska	1994	\$9,200	+\$3,100
	1995	\$9,340	+\$3,200
	1996	\$9,660	+\$3,280
	1997	\$9,870	+\$3,400
Hawaii	1994	\$8,470	+\$2,850
	1995	\$8,610	+\$2,940
	1996	\$8,910	+\$3,010
	1997	\$9,070	+\$3,130
All Other States	1994	\$7,360	+\$2,480
	1995	\$7,470	+\$2,560
	1996	\$7,740	+\$2,620
	1997	\$7,890	+\$2,720



### Note

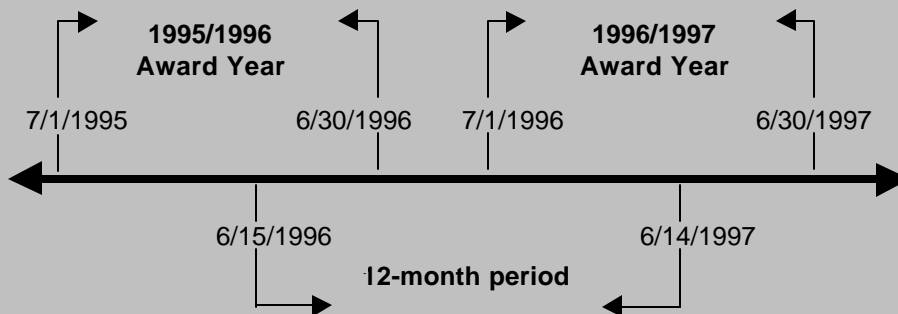
In order for a student to be included in the numerator of the economically disadvantaged rate, the student's applicable EFC or adjusted gross income must be associated with an award/calendar year that overlaps the 12-month period chosen by the school.



## How does a school determine if an award year overlaps the selected 12-month period?

An award year begins on July 1 of one year and ends on June 30 of the next year. An award year overlaps a 12-month period if any portion of the award year overlaps any portion of the 12-month period.

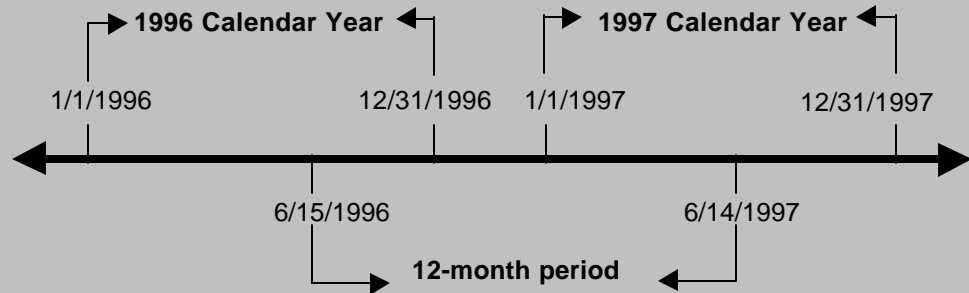
**Example:** Cosmetology School selected June 15, 1996, through June 14, 1997, as its 12-month period. The 1995/1996 award year, which begins on July 1, 1995 and ends on June 30, 1996, overlaps the selected 12-month period. In addition, the 1996/1997 award year, which begins on July 1, 1996 and ends on June 30, 1997, overlaps the selected 12-month period. Therefore, Cosmetology School can use estimated family contributions associated with both the 1995/1996 and the 1996/1997 award years to determine if students are economically disadvantaged.



## How does a school determine if a calendar year overlaps the selected 12-month period?


A calendar year begins on January 1 and ends on December 31. A calendar year overlaps a 12-month period if any portion of the calendar year overlaps any portion of the 12-month period.

**Example:** Cosmetology School selected June 15, 1996, through June 14, 1997, as its 12-month period. The 1996 and 1997 calendar years overlap the selected 12-month period. Therefore, Cosmetology School can use adjusted gross incomes associated with both the 1996 and 1997 calendar years to determine if students are economically disadvantaged.



## How is the placement rate calculated?

The **placement rate**<sup>9</sup> is calculated as follows:

<div>100</div> <div>X</div>	<p>number of former regular students included in the denominator of the placement rate calculation who were <i>either</i>:</p> <ul style="list-style-type: none"> <li>◆ employed, other than by the school, in an occupation for which the school provided training on the day following one year after their last day of attendance at the school;</li> <li>◆ employed, other than by the school, in an occupation for which the school provided training for at least 13 weeks (91 days) before the day following one year after their last day of attendance;</li> </ul> <p>AND/OR</p> <ul style="list-style-type: none"> <li>◆ entered active duty in the U.S. Armed Forces within a year of leaving the school.</li> </ul> <hr/> <p>number of former regular students initially enrolled on at least a half-time basis in a Title IV eligible program who were originally scheduled to complete their programs during the same 12-month period selected for the economically disadvantaged rate, and who were enrolled beyond the point at which they would have received a 100 percent tuition refund.</p>
 <div>Note</div>	<p>A school must use the same 12-month period for its placement rate as was used for its economically disadvantaged rate. Information on how to select an acceptable 12-month period is provided on page 227 in the "Exceptional Mitigating Circumstances Appeal" section.</p>

As part of a successful economically disadvantaged and placement rates appeal, a school must have a placement rate of at least 44.0 percent. Please refer to the next page for an example.

<sup>9</sup> HEA Section 435(a)(4)(A)(iii)

**Example:** Cosmetology School had a total of 175 former regular students enrolled on at least a half-time basis in a Title IV eligible program who were originally scheduled to complete their programs during the same 12-month period used to determine the economically disadvantaged rate and who remained enrolled beyond the point that they would have earned a 100 percent tuition refund. Of those 175 students, 60 students were employed, other than by the school, in an occupation for which the school provided training on the day following 12 months after their last day of attendance at the school; 28 different students were employed, other than by the school, in an occupation for which the school provided training for at least 13 weeks before the day following 12 months after their last day of attendance; two different students joined the U.S. Armed Forces within one year of leaving school. Cosmetology School's placement rate is calculated as follows:

$$100 \times \frac{60 + 28 + 2 = 90}{175} = 51.4\%$$

### Which students are included in the denominator of the placement rate calculation?

To be included in the denominator of the placement rate calculation, a former regular student must have been—

- **initially enrolled** on at least a half-time basis;<sup>10</sup>
- enrolled in a **Title IV eligible program**;
- enrolled in the program **beyond the point that allows a student to receive a 100 percent tuition refund**;<sup>11</sup>

**Q.** What is a regular student?

**A.** A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

<sup>10</sup> HEA Section 435(a)(4)(A)(iii)(I)(bb)

<sup>11</sup> HEA Section 435(a)(4)(A)(iii)(I)(aa)

**Note**

Students that withdraw from their program **are** included in the denominator of the placement rate calculation if they withdraw beyond the point they would have received a 100 percent refund.

AND

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**originally scheduled to complete** his/her program of study during the 12-month period used to determine the economically disadvantaged rate.

**Example:** Cosmetology School selected June 15, 1996 through June 14, 1997 as its 12-month period. Chris Jones was originally scheduled to complete her cosmetology program on May 15, 1997. Because Chris's originally scheduled to complete date falls within the 12-month period selected by the school, Chris should be included in the denominator of the placement rate.

**Note**

Even though the same 12-month period is used to calculate both the economically disadvantaged and placement rates, the students included in the denominator of each rate will **not** be the exact same group of students. Students who were **enrolled** during the 12-month period and qualify to be included in the denominator of the economically disadvantaged rate may not have been **originally scheduled to complete** their programs during the same 12-month period (i.e. the denominator of the placement rate).

## Which students are included in the numerator of the placement rate?

In order to be included in the numerator of the placement rate, the former regular student must first be included in the denominator of the rate. If the former regular student is in the denominator of the placement rate and meets any of the following conditions, the former regular student is included in the numerator of the placement rate:

- the former regular student was employed, other than by the school, in an occupation for which the school provided training on the day following 12 months after the student's last date of attendance;

**Example:** Chris Jones is included in the denominator of Cosmetology School's placement rate. Even though Chris was originally scheduled to complete her program on May 15, 1997, Chris' last date of attendance was not until October 21, 1997. After completing the cosmetology course, Chris obtained a job as a hairstylist at Joe's Salon. Chris was employed at Joe's Salon on October 22, 1998. Because Chris was employed on the day after one year after she left school, Chris should also be included in the numerator of the placement rate.



The former regular student's actual last date of attendance does NOT need to fall within the selected 12-month period. Only the student's originally scheduled to complete date must fall within the selected 12-month period.

OR

- the former regular student was employed, other than by the school, in an occupation for which the school provided training for at least 13 weeks (91 days) prior to one year after the student left the school;

**Example:** Anita Smith is included in the denominator of Cosmetology School's placement rate. Anita left school as originally scheduled on April 15, 1997. Anita obtained a job as a stylist at Joe's Salon. Anita was employed as a stylist at Joe's Salon from April 1, 1997 to November 30, 1997. Because she was employed for 244 days, Anita should also be included in the numerator of the placement rate.

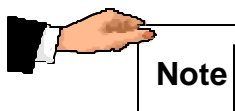
**Q.** Can a student's employment while the student was still enrolled at the school be considered when determining if the student was employed for 13 weeks?

**A.** Yes, if the employment is relevant to the training that the student is receiving at the school. However, pre-enrollment employment may not be considered.

OR

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the former regular student was employed by the U.S. Armed Forces within one year of the student's last day of attendance.



A student **cannot** be counted as successfully placed according to any of these conditions if the school is the employer.<sup>12</sup>

## Does an independent auditor have to review a school's economically disadvantaged and placement rates?

Yes, a school's economically disadvantaged and placement rates must be reviewed and attested to by an independent auditor. The material the school is required to submit to the Department, as outlined on page 278, to demonstrate that it meets the economically disadvantaged and placement rate thresholds is considered the school's management's written assertion. The independent auditor must attest to the school's management's written assertion.

Upon reviewing the school's management's written assertion and other documentation that the auditor deems appropriate, the independent auditor must state whether, in the auditor's opinion, the school's management's written assertion demonstrates that the school meets the economically disadvantaged and placement rate criteria established in Section 435(a)(4)(A) of the Higher Education Act of 1965, as amended (HEA). The report must also indicate if management's written assertions are fairly stated in all material respects. The engagement, which forms the basis of the independent auditor's opinion, must be an examination-level compliance attestation engagement performed in accordance with the American Institute of Certified Public Accountant's (AICPA) Statement on Standards for Attestation Engagements, Compliance Attestation (AICPA, Professional Standards, Volume 1, AT sec. 500), as amended, and Government Auditing Standards issued by the Comptroller General of the United States.

<sup>12</sup> HEA Section 435(a)(4)(A)(iii)(IV)

# TIMING AND SUBMITTING

## What are the time frames and procedures for submitting an economically disadvantaged and placement rates appeal?

**Timing is critical** when submitting an economically disadvantaged and placement rates appeal.

The following pages provide a step-by-step description of the time frames and procedures associated with an economically disadvantaged and placement rates appeal.

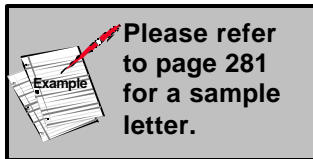
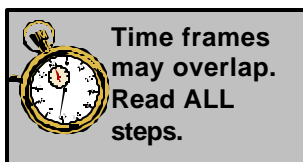
**Step 1:** **Within 30 calendar days** of receiving the school's official cohort default rate notification letter, review the school's official cohort default rate notification letter and this Guide to determine if the school is eligible to submit an economically disadvantaged and placement rates appeal.

Please refer to pages 252 and 253 for a detailed discussion regarding which schools are eligible to appeal based on economically disadvantaged and placement rates.

**Step 2:** If a school is eligible to submit an economically disadvantaged and placement rates appeal, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving its official cohort default rate notification letter), submit a letter to the Department at the address on page 279 that indicates that the school intends to submit an economically disadvantaged and placement rates appeal.

Refer to the Sample Notice of Intent to File an Economically Disadvantaged and Placement Rates Appeal LETTER on page 281 to assist in the development of the letter.

The following chart provides an overview of the material that should be included in a school's notice of intent to file an economically disadvantaged and placement rates appeal.





Within the time frames described in Step 2 on page 266, the following MATERIAL should be sent to the Department's Default Management Division at the address on page 279.

A LETTER on the school's letterhead with—

- ◆ the school's OPE ID number;
- ◆ a statement indicating that the school intends to submit an exceptional mitigating circumstances appeal based upon its economically disadvantaged and placement rates;
- ◆ the current fiscal year to which the appeal applies;

AND

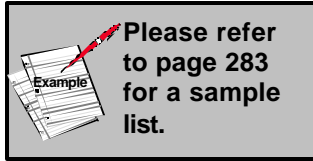
- ◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title

Schools should refer to the Sample Notice of Intent to File an Economically Disadvantaged and Placement Rates Appeal LETTER on page 281.



**Note**

The Department will not accept any notices that a school intends to submit an economically disadvantaged and placement rates appeal after the 30 calendar day deadline.

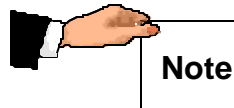


**Step 3:** Prior to **60 calendar days** after receiving the school's official cohort default rate notification letter, a school must compile a list of the students that qualify to be included in the school's economically disadvantaged rate.

A school should refer to the Sample Economically Disadvantaged Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 283 and 282, respectively, to assist in developing the list.

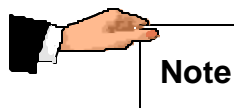
A school must provide the following information on the list:

- the school's **name** and **OPE ID Number**;
- the **12-month period** on which the school is basing its economically disadvantaged rate;



For information on selecting an acceptable 12-month period, please refer to page 227 in the "Exceptional Mitigating Circumstances Appeal" section.

- the **Social Security numbers**, in numerical order, of all the school's students enrolled in a Title IV eligible program on at least a half-time basis during any part of the selected 12-month period;



These are the students that will be included in the **denominator** of the economically disadvantaged rate.

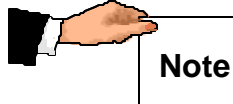
- for each Social Security number listed, the **student's name**;
- for each student, the beginning and ending **enrollment dates** [include the month, day and year (MM/DD/CCYY)];



If a student was enrolled at the school more than once during the selected 12-month period, list each set of enrollment dates. However, the student will only be counted once in the calculation.

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if the student is from an **economically disadvantaged background** as defined on page 257, place an "X" next to the student's name;

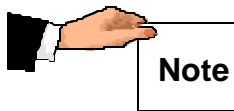


These are the students that will be included in the **numerator** of the economically disadvantaged rate.

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if the student is from an economically disadvantaged background, provide either:

- ❖ the student's **expected family contribution** (EFC) and applicable **award year**;



The expected family contribution must be 1200 or less for the 1995/1996 or 1996/1997 award years or 1400 or less for the 1997/1998 award year and the award year associated with the qualifying EFC must overlap the selected 12-month period in order for the student to qualify as economically disadvantaged.

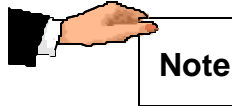
OR

- ❖ the student's, and if applicable the student's parents'/spouse's **adjusted gross income, family size, and calendar year** associated with the adjusted gross income.

**Q.** Which award years/calendar years overlap with a selected 12-month period?

**A.** An award year/calendar year overlap with a 12-month period if the award year/calendar year overlaps the 12-month period by at least one day.

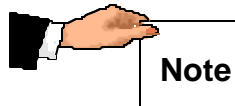
Please refer to pages 259 and 260 for a more in depth discussion on overlapping award years and calendar years.



The annual gross income must be less than the U.S. Department of Health and Human Services poverty levels for a calendar year that overlaps with the selected 12-month period in order for the student to qualify as economically disadvantaged. The U.S. Department of Health and Human Services' poverty levels are shown on page 258.

**Step 4:** Within the time frame described in Step 3 (i.e., prior to 60 calendar days of receiving the school's official cohort default rate notification letter), a school must calculate the school's economically disadvantaged rate and include the rate on its Economically Disadvantaged SPREADSHEET created in Step 3.

- Count the number of students identified with an "X" as being economically disadvantaged on the spreadsheet. **These are the students that will be included in the numerator of the economically disadvantaged rate.**
- Count **ALL** of the students listed on the spreadsheet. **These are the students that will be included in the denominator of the economically disadvantaged rate.**
- Divide the total number of students from economically disadvantaged backgrounds (i.e., the numerator) by the total number of students listed on the spreadsheet (i.e., the denominator) and multiply the result by 100. **This is the school's economically disadvantaged rate.**



As part of a successful appeal, the school's economically disadvantaged rate must be at least  $66\frac{2}{3}$  percent.

**Step 5:** Within the time frame described in Step 3 (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must compile a list of the students that qualify to be included in the school's placement rate.

A school should refer to the Placement Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 285 and 284, respectively, to assist in developing the list.

A school must provide the following information on the list:

- the school's **name** and **OPE ID Number**;
- an indication that the same **12-month period** is being used for the school's placement rate as is being used for the school's economically disadvantaged rate;
- the **Social Security numbers**, in numerical order, of all the school's former regular students who were:
  - ❖ **initially enrolled** on at least a half-time basis;
  - ❖ enrolled in a Title IV **eligible program**;
  - ❖ enrolled **beyond the point that allows a student to receive a 100 percent tuition refund**;

AND

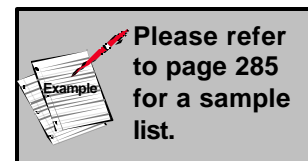
  - ❖ **originally scheduled to complete** their program of study during the selected 12-month period.



**Note**

These are the students that will be included in the **denominator** of the placement rate calculation.

Please refer to pages 262 and 263 for a more in-depth description of the students that should be included in the denominator of the school's placement rate calculation.



**Please refer to page 285 for a sample list.**

**Q.** What is a regular student?

**A.** A regular student is defined as a person who is enrolled, or accepted for enrollment, at a school for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that school as defined in 34 CFR Section 600.2.

- for each Social Security number listed, the former regular **student's name**;
- for each student, the date that each former regular student **was originally scheduled at the time of enrollment** to complete his or her program of study;
  - ❖ If the student was initially enrolled on a **less than full-time** basis, the **original scheduled to complete** date will be based on the amount of time it would take the student to complete the program if he or she remained enrolled at that level of enrollment throughout the program.
  - ❖ If the student was initially enrolled on a **full-time** basis, the **scheduled to complete** date will be based on the amount of time normally required by a full-time student to complete the program, as specified in the school's enrollment contract, catalog, or other materials.
- for each former regular student, the beginning and ending **enrollment dates**;
- if the student was **successfully placed**, place an "X" next to the former regular student's name;

**Note**

These are the students that will be included in the **numerator** of the placement rate.

A former regular student is successfully placed if:

- ❖ the former regular student was employed, other than by the school, in an occupation for which the school provided training on the day following 12 months after the date of the student's last day of attendance at the school;

OR

- ❖ the former regular student was employed, other than by the school, in an occupation for which the school provided training for at least 13 weeks (91 days) before the day following 12 months after the date of the student's last day of attendance at the school.

OR

- ❖ the former regular student was employed in the U.S. Armed Forces within a year of leaving the school.

Please refer to pages 263 through 265 for a more detailed discussion of which students are considered successfully placed.

- for each former regular student successfully placed in an occupation other than the military, the student's **program of study** (do NOT use abbreviations);
- for each former regular student successfully placed in an occupation, including the military, the **beginning and ending dates of the employment** that qualifies the student as successfully placed;
- for each former regular student successfully placed, the student's **job description** in the employment that qualifies the student as successfully placed (do not use abbreviations);



**Note**

If the student entered active duty in the U.S. Armed Forces, enter "U.S. Armed Forces."

AND

- for each former regular student successfully placed, the **name, address, and telephone number** of the **employer** with which the student was successfully placed.

**Step 6:** Within the time frame described in Step 3 (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must calculate the school's placement rate and include the rate on its Placement Rate SPREADSHEET created in Step 5.

- Count the number of former regular students identified with an "X" as being successfully placed on the spreadsheet. **These are the students who will be included in the numerator of the placement rate.**
- Count **ALL** of the former regular students listed on the spreadsheet. **These are the students who will be included in the denominator of the placement rate.**
- Divide the total number of former regular students successfully placed (i.e., the numerator) by the total number of former regular students listed on the spreadsheet (i.e. the denominator) and multiply the result by 100. **This is the school's placement rate.**

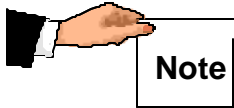


As part of a successful appeal, the school's placement rate must be at least 44.0 percent.

**Step 7:** Within the time frame described in Step 3 (i.e., prior to 60 calendar days after receiving the school's official cohort default rate notification letter), a school must submit to an independent auditor for review, the school's Economically Disadvantaged SPREADSHEET and Placement Rate SPREADSHEET and any other documents requested by the school's independent auditor.

- The independent auditor must perform a review and provide a report that states whether, in the auditor's opinion, the school's spreadsheets and any other additional documentation requested by the auditor demonstrate that the school meets the exceptional mitigating circumstances criteria outlined in 34 CFR Section 668.17(c) and HEA Section 435(a)(4)(A).





The spreadsheets submitted by the school to the independent auditor are considered the school's management's written assertions.

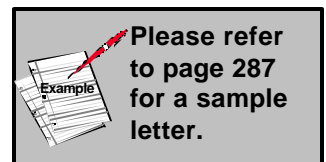
- The auditor's opinion must indicate if the school's management's written assertions are fairly stated in all material respects.
- The engagement which forms the basis of the independent auditor's opinion must be an examination-level compliance attestation engagement performed in accordance with the American Institute of Certified Public Accountant's (AICPA) Statement on Standards for Attestation Engagements, Compliance Attestation (AICPA, Professional Standards, Volume 1, AT sec. 500), as amended, and Government Auditing Standards issued by the Comptroller General of the United States.
- The attestation must be in the form of a letter with—
  - ❖ the school's name;
  - ❖ the school's OPE ID number;
  - ❖ the fiscal year to which the appeal applies;
  - ❖ the auditor's opinions on management's assertions;

AND

  - ❖ the independent auditor's signature, followed by a signature block providing the signer's name and title.

The independent auditor should refer to the Sample Independent Auditor's Attestation LETTER on page 287 to assist in developing the letter outlining the attestation.

The following chart provides an overview of the MATERIAL that should be sent to the school's independent auditor.



Within the time frame described in Step 7 on page 274, the following MATERIAL should be sent to the school's independent auditor.

**The section behind Tab 1 contains:**

**Tab 1**

A LETTER on the school's letterhead with—

- ◆ the school's OPE ID number;
  - ◆ a statement indicating that the school intends to submit, to the Department, an exceptional mitigating circumstances appeal based upon its economically disadvantaged and placement rates;
  - ◆ the current fiscal year to which the appeal applies;
  - ◆ a statement requesting the independent auditor to review its written assertions in accordance with the standards established by the American Institute of Certified Public Accountants and HEA Section 435(a)(4)(A);
  - ◆ a statement indicating that the school's deadline to submit a copy of the auditor's opinion to the Department is within 60 calendar days of receiving the school's official cohort default rate notification letter;
  - ◆ a certification sentence that indicates that the information provided in the appeal, under penalty of perjury, is true and correct;
- AND
- ◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title

**The section behind Tab 2 contains:**

**Tab 2**

The SPREADSHEET on its **economically disadvantaged rate** as created in Step 3 on page 268.

Schools should refer to the Sample Economically Disadvantaged Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 283 and 282, respectively.

**The section behind Tab 3 contains:**

**Tab 3**

The SPREADSHEET on its **placement rate** as created in Step 5 on page 271.

Schools should refer to the Sample Placement Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 285 and 284, respectively.

**The section behind Tab 4 contains:**

**Tab 4**

Any other documents the independent auditor has requested to complete the review.

- Step 8:**      **Within 60 calendar days** after receiving the school's official cohort default rate notification letter, a school must submit the following to the Department at the address on page 279:
- a letter indicating that the school is submitting its economically disadvantaged and placement rates appeal;
  - A school should refer to the Sample Economically Disadvantaged and Placement Rates Appeal LETTER on page 286;
  - **a copy of the school's spreadsheets** created in Steps 3 and 5;
  - AND
  - **the independent auditor's opinion** on management's written assertions.

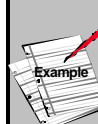
The following page provides an overview of the MATERIAL that should be included in a school's economically disadvantaged and placement rates appeal submitted to the Department.



**Due date for submitting the appeal to the Department.**



**Please refer to page 286 for a sample letter.**



**Please refer to page 287 for a sample auditor's opinion.**

Within the time frame described in Step 8 on page 277, the following MATERIAL, to support an economically disadvantaged and placement rates appeal, should be sent to the Department's Default Management Division at the address on page 279.

<p><b>The section behind Tab 1 contains:</b></p> <p>A LETTER on the school's letterhead with—</p> <ul style="list-style-type: none"> <li>◆ the school's OPE ID number;</li> <li>◆ a statement indicating that the school is submitting an exceptional mitigating circumstances appeal based upon its economically disadvantaged and placement rates;</li> <li>◆ the current fiscal year to which the appeal applies;</li> <li>◆ a certification sentence that indicates that the information provided in the appeal, under penalty of perjury, is true and correct;</li> <li>◆ a list of the other adjustment/appeals the school intends to submit to the Department;</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title</li> </ul> <p>Schools should refer to the Sample Economically Disadvantaged and Placement Rates Appeal LETTER on page 286.</p>	<b>Tab 1</b>
<p><b>The section behind Tab 2 contains:</b></p> <p>The SPREADSHEET on its <b>economically disadvantaged rate</b> as created in Step 3 on page 268.</p> <p>Schools should refer to the Sample Economically Disadvantaged Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 283 and 282, respectively.</p>	<b>Tab 2</b>
<p><b>The section behind Tab 3 contains:</b></p> <p>The SPREADSHEET on its <b>placement rate</b> as created in Step 5 on page 271.</p> <p>Schools should refer to the Sample Placement Rate SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 285 and 284, respectively.</p>	<b>Tab 3</b>
<p><b>The section behind Tab 4 contains:</b></p> <p>The INDEPENDENT AUDITOR'S OPINION on the school's management's written assertions.</p> <p>Please refer to the Sample Independent Auditor's Attestation LETTER on page 287.</p>	<b>Tab 4</b>

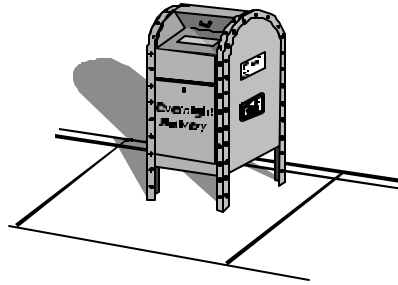


**Note**

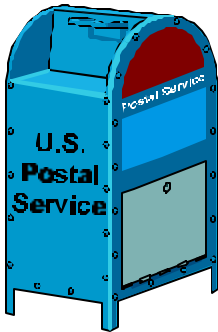
The Department will not consider information submitted after the 60 calendar day deadline. The Department will send the school written notification of its decision. **The Department's decision is final and no further administrative review is provided.**

**If sent by commercial overnight mail/courier delivery**, send the school's economically disadvantaged and placement rates appeal to:

U.S. Department of Education  
Default Management Division  
ATTN: Economically Disadvantaged and  
Placement Rates Appeal  
Portals Building, Room 6300  
1250 Maryland Avenue, SW  
Washington, DC 20024



**If sent by U.S. Postal Service**, send the school's economically disadvantaged and placement rates appeal to:



U.S. Department of Education  
Default Management Division  
ATTN: Economically Disadvantaged and  
Placement Rates Appeal  
Portals Building, Room 6300  
400 Maryland Avenue, SW  
Washington, DC 20202-5353



**Note**

The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

The Department recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation which verifies the receipt of the appeal related material. In addition, a school should retain copies of all documentation submitted as a part of the appeal process.

## PART II: Supporting Material

Part II provides sample material that should be referenced by a school when compiling the material that must be submitted by a school during the economically disadvantaged and placement rates appeal process.

### **CONTENT REFERENCE FOR PART II**

Sample Notice of Intent to File an Economically Disadvantaged and Placement Rates Appeal LETTER .....	281
Economically Disadvantaged Rate SPREADSHEET INSTRUCTIONS .....	282
Sample Economically Disadvantaged Rate SPREADSHEET .....	283
Placement Rate SPREADSHEET INSTRUCTIONS .....	284
Sample Placement Rate SPREADSHEET .....	285
Sample Economically Disadvantaged and Placement Rates Appeal LETTER .....	286
Sample Independent Auditor's Attestation for an Economically Disadvantaged and Placement Rates Appeal LETTER .....	287

Sample Notice of Intent to File an  
Economically Disadvantaged and Placement Rates Appeal **LETTER**



## Cosmetology School

1212 Wedgewood Lane  
Leonardtown, Wisconsin 12345-6789  
(123) 456-7890

### Sample Letter

October 12, 2000

U.S. Department of Education  
Default Management Division

**OPE ID#: 000060**

Attn: Economically Disadvantaged and Placement Rate Intent  
Portals Building, Room 6300  
1250 Maryland Avenue, S.W.  
Washington, D.C. 20024

**Subject: FY 1998 Notice of Intent to File an Economically  
Disadvantaged and Placement Rates Appeal**

Dear Default Management Division:


Cosmetology School, **OPE ID# 000060**, intends to file an FY 1998  
exceptional mitigating circumstances appeal based on our  
economically disadvantaged and placement rates.

Sincerely,

**Melissa Martin**

Melissa Martin, President

## Economically Disadvantaged Rate SPREADSHEET INSTRUCTIONS

List and count the students who will be included in the calculation of the school's economically disadvantaged rate using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet must be sent to the Department.	<b>Column 2:</b>	Enter the student's name.
The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.	<b>Column 3:</b>	Enter MM/DD/CCYY (month, day, and year) to identify the student's beginning and ending enrollment dates.
<b>Header:</b>  Enter <b>FY 1998 Economically Disadvantaged Rate</b> in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the school's selected 12-month period, the applicable award years, and the applicable calendar years.	<b>Column 4:</b>	Enter X if student was from an economically disadvantaged background during the selected 12-month period. Leave blank if student was not economically disadvantaged.
 <b>Note</b>  A school must use a 12-month period that ends during the six-month period preceding FY 1998.	Fill out Column 5 or Column 6 of the spreadsheet: For those students identified as economically disadvantaged in column 4, provide either:	
<b>Footer:</b>  Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific pages and the total number of page numbers show on each page (example: page 1 of 10 pages).	<b>Column 5:</b>	The student's <b>EFC</b> (in Column 5a) and the <b>award year associated with the EFC</b> (in Column 5b).
<b>Sort:</b>  Sort the students in social security number order OR in order by last name, followed by first name.	In order to be considered economically disadvantaged, the student's EFC must be associated with an award year that overlaps the selected 12-month period.  OR  The student's AGI (in Column 6a), family size (in Column 6b), and calendar year (in Columns 6c).	
On Rows 1, 2, 3, and 4, use the draw tool to draw a rectangle. Using the text-box tool, draw another box for <b>Box B</b> information. In this box, enter exactly the same information in exactly the same order as listed on the sample spreadsheet.	<b>Column 6:</b>	In order to be considered economically disadvantaged, the student's AGI must be associated with a calendar year that overlaps the selected 12-month period.
On Row 5, enter <b>exactly</b> the same column names in exactly the same order as listed on the sample spreadsheet.	<b>Instructions for Box B (located in the shaded area on the sample spreadsheet)</b>	
On Row 6 and below, include the following data for each student who will be included in the school's economically disadvantaged rate.	••	Count and record the number of X's that appear in Column 4. This is <b>B1</b> in the calculation. This is the number of students from economically disadvantaged backgrounds.
<b>Column 1:</b>  Enter the student's Social Security number using hyphens to separate the numbers (example: 000-00-0000) for all the school's students who were enrolled on at least a half-time basis in a Title IV eligible program during the selected 12-month period.	••	Count and record the number of students listed in Column 1. The total number of students will be <b>B2</b> in the calculation. This is the number of students enrolled on at least a half-time basis at the school during the selected period.
	••	Calculate and record <b>100 x B1/B2</b> . <b>This percentage is the school's economically disadvantaged rate.</b>



Sample Economically Disadvantaged Rate **SPREADSHEET****FY 1998**  
**Economically Disadvantaged Rate**

School Name: Cosmetology School  
 OPE ID Number: 000060  
 12-month Period: 6/15/1996-6/14/1997  
 Award Years: 1995/1996 and 1996/1997  
 Calendar Years: 1996 and 1997

Note: This is a sample  
 spreadsheet. (See instructions).

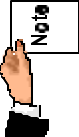
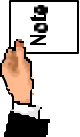
<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Box B</b>            # of Economically Disadvantaged Students (from Column 4) <b>[B1]</b>            # of Students (from Column 1) <b>[B2]</b>            Economically Disadvantaged Rate <b>[100 x B1/B2]</b>            140            200            70.0%         </div>								
1. Student's SSN (sort in numerical order)	2. Student's name	3. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	4. If student qualifies as economically disadvantaged enter X	5a. If column 4 is marked and economically disadvantaged is based on EFC, enter EFC	5b. If column 5a has an EFC, enter the award year associated with the EFC	6a. If column 4 is marked and economically disadvantaged is based on AGI, enter AGI	6b. If column 6a has an AGI, enter family size	6c. If column 6a has an AGI, enter calendar year
111-11-1111	Jane Smith	3/15/1996-3/10/1997	X	1,000	1996/1997			
111-22-2222	John Doe	6/16/1996-10/3/1996	X			\$4,200.00	1	1996
222-22-2222	Chris Jones	12/15/1996-10/21/1997						

11/01/2000

[send to U.S. Department of Education's Default  
 Management Division at the address located on page 279.]

Page 1 of 10 pages

Placement Rate **SPREADSHEET INSTRUCTIONS**

<p>List and count the students who will be included in the calculation of the school's placement rate using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet must be sent to the Department.</p> <p>The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.</p>		<p><b>Column 4:</b></p> <p>Enter MM/DD/CCYY (month, day, and year) to identify the beginning and ending dates of the former regular student's enrollment.</p>	
		<p><b>Column 5:</b></p> <p>Enter X if the former regular student was successfully placed in employment as identified on pages 263 through 265.</p>	
		<p><b>Column 6:</b></p> <p>Enter the former regular student's program of study. Do NOT use abbreviations.</p>	
		<p><b>Column 7 :</b></p> <p>Enter the MM/DD/CCYY to identify the beginning and ending dates of the employment that qualifies as successful placement. (If the student is still employed by the same employer, enter MM/DD/CCYY to <b>present</b>.)</p>	
		<p><b>Column 8:</b></p> <p>Enter the former regular student's job description in the employment that qualifies as successful placement. Do NOT use abbreviations.</p>	
		<p><b>Column 9:</b></p> <p>Enter the name, address, and telephone number of the employer with which the former regular student was successfully placed.</p>	
		<p> <b>Note</b></p> <p><b>If the student is self-employed, provide the student's address and telephone number.</b></p>	
		<p><b>Instructions for Box C (located in the shaded area):</b></p> <p>• •</p> <p>Count and record the number of Xs that appear in Column 5. The total number of Xs will be <b>C1</b> in the calculation. <b>This is the number of former regular students who were successfully placed in employment.</b></p>	
		<p>• •</p> <p>Count and record the number of former regular students listed in the Placement Rate spreadsheet by counting the number of entries in Column 1. The total number of former regular students will be <b>C2</b> in the calculation. <b>This is the number of students who were scheduled to complete their programs during the selected 12-month period.</b></p>	
		<p>• •</p> <p>Calculate and record <b>100 x C1/C2</b> and record the result in <b>Box C</b> on the Placement Rate spreadsheet. <b>This percentage is the school's placement rate.</b></p>	
<p><b>Header:</b></p> <p>Enter <b>FY 1998 Placement Rate</b> in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, and the school's selected 12-month period.</p> <p> <b>Note</b></p> <p>A school must base the placement rate on the same 12-month period used for the school's economically disadvantaged rate. However, the students contained in each rate may NOT be the same.</p>		<p><b>Footer:</b></p> <p>Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific pages and the total number of page numbers show on each page (example: page 1 of 10 pages).</p>	
<p><b>Sort:</b></p> <p>Sort the students in social security number order OR in order by last name, followed by first name.</p> <p>On Rows 1,2, 3, and 4, use the draw tool to draw a rectangle. Using the text-box tool, draw another box for <b>Box C</b> information. In this box enter exactly the same information in exactly the same order as listed on the sample spreadsheet.</p> <p>On Row 5, enter <b>exactly</b> the same column names in <b>exactly</b> the same order as listed on the sample spreadsheet.</p> <p>On Row 6 and below, include the following data for each former regular student who will be included in the school's placement rate.</p>		<p><b>Column 1:</b></p> <p>Enter the Social Security number using hyphens to separate the numbers (example: 000-00-0000) for all of the school's former regular students who meet the conditions identified on page 262.</p>	
		<p><b>Column 2:</b></p> <p>Enter the former regular student's name.</p>	
		<p><b>Column 3:</b></p> <p>Enter MM/DD/CCYY (month, day, and year) to identify the date that each former regular student was originally scheduled, at the time of enrollment, to complete his or her program of study.</p>	

Sample Placement Rate **SPREADSHEET****FY 1998  
Placement Rate**

School Name: Cosmetology School  
 OPE ID Number: 000060  
 12-month Period: 6/15/1996-6/14/1997

Note: This is a sample  
 spreadsheet. (See instructions).

<div> <b>Box C</b>            # of Former Regular Students Successfully Placed (from Column 5) [C1] 90            # of Former Regular Students Originally Scheduled to Complete Programs (from Column 1) [C2] 175            Placement Rate [100 x C1/C2] 51.4%         </div>									
1. Student's SSN (sort in numerical order)	2. Student's Name	3. Date that student was originally scheduled to complete program of study	4. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	5. If student was successfully placed in employment, enter X	6. Student's program of study	7. If student was successfully placed, provide beginning and ending dates of employment (from MM/DD/CCYY to MM/DD/CCYY)	8. If student was successfully placed, provide student's job description (do NOT use abbreviations)	9. If student was successfully placed, provide employer's name, address, and phone number	
111-11-2222	Anita Smith	04/15/1997	3/15/1996- 04/15/1997	X	Cosmetology	4/1/1997-11/30/97	Hair Stylist	Joe's Salon 30 First Lane Phoenix, AZ 55555 (888) 555-1111	
222-22-2222	Chris Jones	05/15/1997	12/15/1996- 10/21/1997	X	Cosmetology	10/1/98-present	Hair Stylist	Joe's Salon 30 First Lane Phoenix, AZ 55555 (888) 555-1111	
333-33-3333	James John	10/15/1996	10/1/1995- 09/15/1997						

11/01/2000

[send to U.S. Department of Education's Default  
 Management Division at the address located on page 279.]

Page 1 of 12 pages

## Sample Economically Disadvantaged and Placement Rates Appeal **LETTER**



### **Cosmetology School**

1212 Wedgewood Lane  
Leonardtown, Wisconsin 12345-6789  
(123) 456-7890

### **Sample Letter**

November 1, 2000

U.S. Department of Education  
Default Management Division  
Attn: Economically Disadvantaged and Placement Rates Appeal  
Portals Building, Room 6300  
1250 Maryland Avenue, S.W.  
Washington, D.C. 20024

**OPE ID#: 000060**

**Subject: FY 1998 Economically Disadvantaged and Placement Rates Appeal**

Dear Default Management Division:

Cosmetology School, **OPE ID# 000060**, is submitting its FY 1998 exceptional mitigating circumstances appeal based on our economically disadvantaged and placement rates.

I, the undersigned, certify under penalty of perjury, that our economically disadvantaged rate is 70.0%, our placement rate is 51.4%, and that all other information submitted in support of this exceptional mitigating circumstances appeal is true and correct.

Please see the attached spreadsheets for the economically disadvantaged and placement rates, along with the independent auditor's attestations on our school's management assertions.

Cosmetology School is submitting its economically disadvantaged and placement rates appeal at this time; however, the school has also timely submitted an uncorrected data adjustment.

Sincerely,

**Melissa Martin**

Melissa Martin, President

Enclosures

Sample Independent Auditor's Attestation for an  
Economically Disadvantaged and Placement Rates Appeal **LETTER**



## Global Accounting

1212 Hickory Lane  
Hughesville, Florida 12345-6789  
(123) 456-7890

### Sample Letter

October 19, 2000

U.S. Department of Education  
Default Management Division  
Attn: Economically Disadvantaged and Placement Rates Appeal  
Portals Building, Room 6300  
1250 Maryland Avenue, S.W.  
Washington, D.C. 20024

**OPE ID#: 000060**

**Subject: Independent Auditor's Attestation**

Dear Default Management Division:

We have examined management's written assertions that the information contained in Cosmetology School's **OPE ID# 000060** exceptional mitigating circumstances appeal based on its economically disadvantaged and placement rates, is complete, accurate and determined in accordance with the requirements of HEA Section 435(a)(4)(A). Management is responsible for Cosmetology School's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the institution's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Cosmetology School's compliance with HEA Section 435(a)(4)(A) and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Cosmetology School's compliance with specified requirements.

In our opinion, management's written assertion that Cosmetology School has an economically disadvantaged rate of 70.0% and a placement rate of 51.4% for the twelve-month period beginning on June 15, 1996 and ending on June 14, 1997, is complete, accurate, and determined in accordance with the requirements set forth in HEA Section 435(a)(4)(A), and is fairly stated, in all material respects.

This report is intended solely for the information of an audit committee, management, and the U.S. Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Mary Smith  
Mary Smith, CPA  
President, Global Accounting, Inc.

